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**Report to  
The Vermont Legislature**

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**Evaluation of Reach Up**

**In Accordance with 33 V.S.A. §1134(a)**

**Submitted to: Governor  
General Assembly**

**Submitted by: David Yacovone  
Commissioner  
Department for Children and Families**

**Prepared by: Pam Dalley  
Interim Deputy Commissioner  
Economic Services Division  
Paul Dragon, Welfare to Work Director**

**Report Date: January 31, 2011**



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This report is submitted pursuant to 33 V.S.A § 1134 (a), which requires that, by January 31 of each year, the department report to the governor and the general assembly on the department's progress during the past year in implementing the Reach Up program and achieving the goals in 33 V.S.A. § 1102. The following sections in this report correspond to the numerical paragraphs under subsection 1134 (a). Most data in this report, unless stated otherwise, are for the period October 1, 2009, through September 30, 2010 (federal fiscal year 2010). Data reported in Sections 4 and 5 (Reach Up leavers' participation in Food Stamps and Medicaid) are for the 2010 state fiscal year.

Pursuant to 33 V.S.A § 1134 (c), the Commissioner of the Department for Children and Families reports to the House Committee on Human Services, the Senate Committee on Health and Welfare, and House and Senate Committees on Appropriations on the cumulative months of Reach Up families' receipt of TANF-funded financial assistance. The report, titled "[Annual Report on Families' Receipt of Reach Up Assistance in Excess of 60 months,](#)" is available upon request. In summary, the projections in that report are based on the available data. According to that data and the projections, the number of families that will qualify for the hardship exemption from the 60-month limit on receipt of TANF-funded assistance will not exceed the allowable 20 percent of the caseload for the time periods covered in the report.

## Highlights of 2010

- The American Recovery and Reinvestment Act (ARRA) appropriated federal Temporary Assistance for Needy Families (TANF) funds to help states with their increasing TANF expenditures. These funds were available as reimbursement for qualifying expenditures in three specified areas: 1.) non-recurring, short-term needs, 2.) subsidized employment, and 3.) basic needs. Reimbursement was limited to 80 percent of the difference between the state's current expenditure and the amount it spent for the same type of expenditure in the base year (either FFY 2007 or 2008, whichever the federal agency determined to be more beneficial to the state). With the encouragement of the Administration and the General Assembly, the Department for Children and Families, Economic Services Division (ESD) made every attempt to maximize the TANF-ARRA funds coming into Vermont. As only 80 percent of the expenditure is reimbursed, ESD worked hard to find federally-approved in-kind donations from community organizations to make up the unreimbursed 20 percent; their in-kind donations combined with eligible state expenditures permitted the state to recover its entire expenditure.

In the end, Vermont drew down TANF-ARRA reimbursement in all three allowable areas. Some was due to increased expenditures related to rising caseloads and increased demand for basic assistance in Reach Up and Reach Ahead; some was due to increased demand for non-recurrent short-term expenditures in the Reach First and Emergency Assistance programs. In addition to the expenditures due to increases in existing programs, the state partnered with community organizations to provide much needed short-term benefits to Vermont families at no increased cost to the state. First, Vermont expanded the subsidized employment component in its Reach Up program. In accordance with federal guidance, Vermont was able to claim as TANF Maintenance of Effort (MOE) an amount equivalent to a percentage of the wages paid. This amount was treated as an in-kind donation by the employers for accepting Reach Up participants into and supporting them in their work place. As a result, Vermont received almost full reimbursement for this program. Similarly, with the help of the Vermont Foodbank and the Vermont Community Foundation (VCF), Vermont was fully reimbursed for providing two food benefits to food insecure Vermont families with children. One benefit, access to high nutrition foods, was provided through the food shelves network to families for a short duration. The other benefit went out on the state's electronic benefit transfer card to low-income families giving them extra dollars to purchase food items during the economic stress period when children return back to school in September. Vermont was able to provide this benefit to 29,824 families.

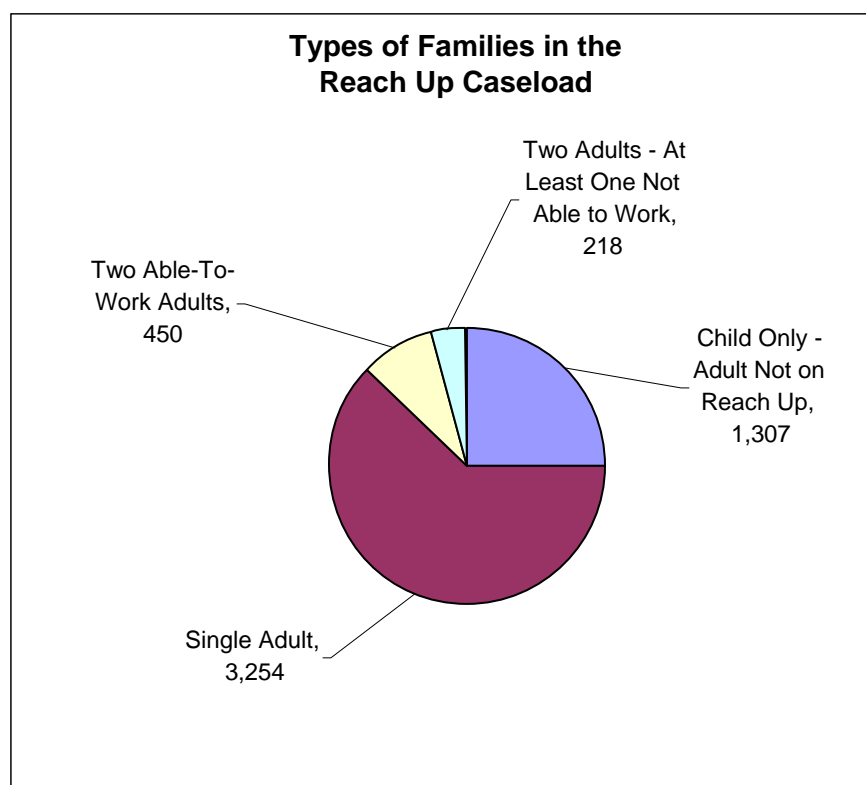
- The Agency has a new consolidated and coordinated approach to employment services under a single entity called Creative Workforce Solutions (CWS). CWS is administered by Vocational Rehabilitation (VR) and staffed by VR and the Vermont Association of Business, Industry and Rehabilitation (VABIR). CWS provides equal access to meaningful work in the competitive job market for all AHS program participants, including Reach Up participants. It offers employers a single point of contact in each district of the state for coordinated job development and placement services across AHS programs, significantly improving ease of access for employers. Reach Up job developers and employment specialists, contracted through the Vermont Department of Labor and Vermont Adult Learning work with the CWS staff to help place Reach Up participants in subsidized and unsubsidized employment.

- As of October 1, 2010, refugee families eligible for the Temporary Aid for Needy Families (TANF) program receive cash assistance, support services and case management services through Vermont's Reach Up program. Prior to October 1, 2010, the federal Office of Refugee Resettlement (ORR) reimbursed Vermont for 40 percent of the costs for TANF eligible refugees. As of October 1, 2010, Reach Up assumed 100 percent of the costs for TANF eligible refugees. This cost shift is due to federal changes in the Wilson-Fish alternative program that shifts cash assistance for TANF eligible refugees from ORR to the state TANF program.
- Over the past seven months the Reach First program has continued to have a positive effect on the work participation rate. The number of participants in Reach First in October 2009 was higher than in November, 2010; this decline in enrollment may be due to two factors: 1.) fewer families being eligible as Reach First families reapplying for assistance in a twelve-month period are not eligible for Reach First, and 2.) the difficulty in securing employment during this recession making Reach First a less appealing option. Regardless of these factors, in recent months the existence of Reach First has contributed approximately 6 percentage points to the work participation rate by diverting families needing short-term assistance away from Reach Up.
- Reach Ahead, Vermont's post-employment assistance support program, also has had a positive effect on the TANF work participation rate over the past year. Beginning in October 2009, due to participation in this program, Vermont's saw an increase of almost 5 percent in its TANF work participation rate. By November, 2010, due to the increasing number of Reach Ahead participants, Vermont increased its work participation rate by over 15 percentage points. With the onset of the new Reach Up initiative in subsidized employment and more concentrated efforts in the districts to enroll eligible leavers in the program this upward trend is likely to continue.

## Section 1

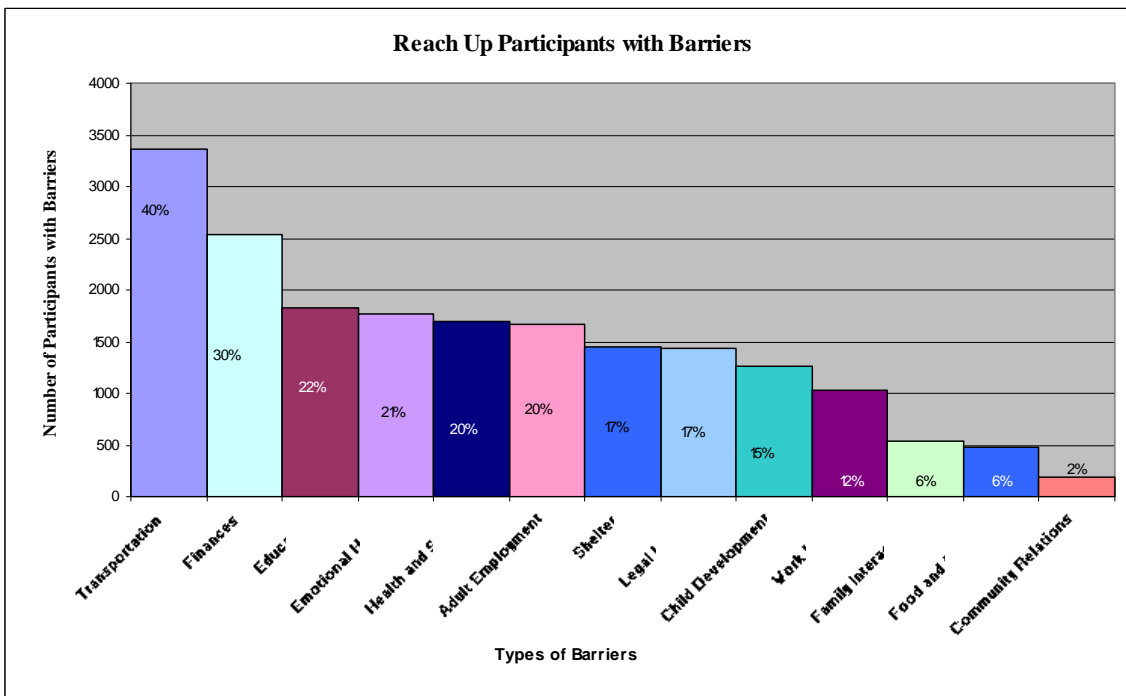
### Types of Barriers Facing Reach Up Families Seeking Economic Self-Sufficiency, Number of Families with Each Type of Barrier, and Frequency of Occurrence of Each Type of Barrier

Charts in this section illustrate the types of families and number of adults participating in the Reach Up program, the number of participants with barriers, ages of children in Reach Up families, and the number of participants with deferments from the work requirement. The figures are the average monthly numbers for the period October 2009 through September 2010.



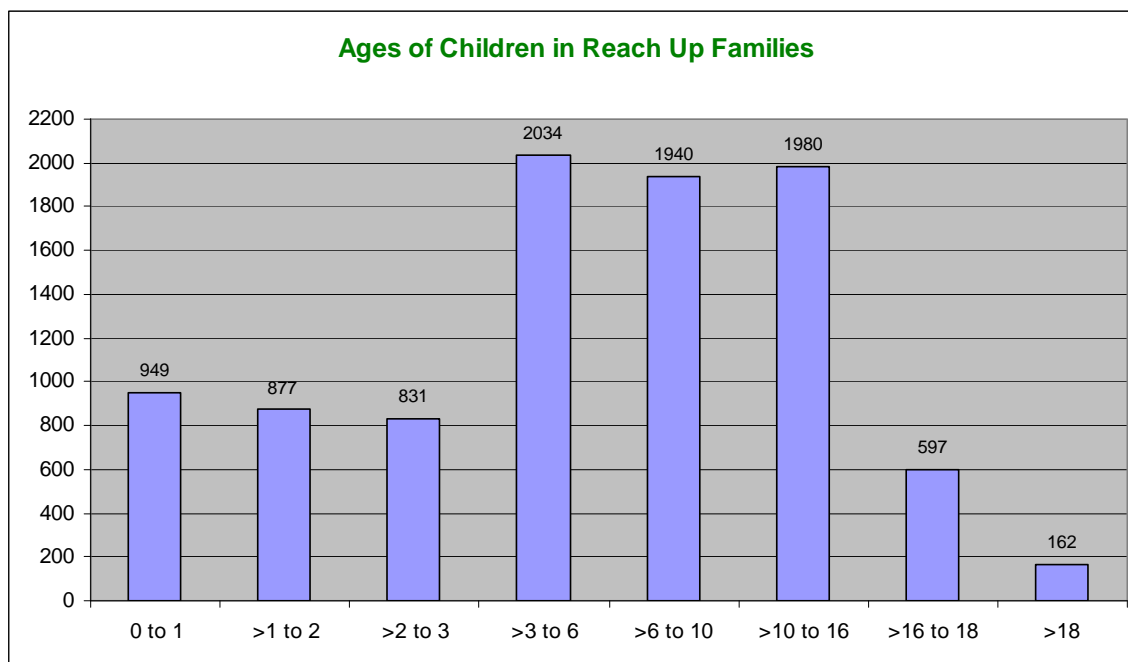
**Average Number of Adults Participating in Reach Up Program**

Family Type	Average Number of Adults Participating in Reach Up Each Month (does not include Postsecondary Education Program and Reach First participants)
Child only (child's parent or caretaker is not on Reach Up)	0
Single adult	3,254
Two able-to-work adults	900
Two adults, at least one is not able to work	436
<b>Total Adults</b>	<b>4,590</b>

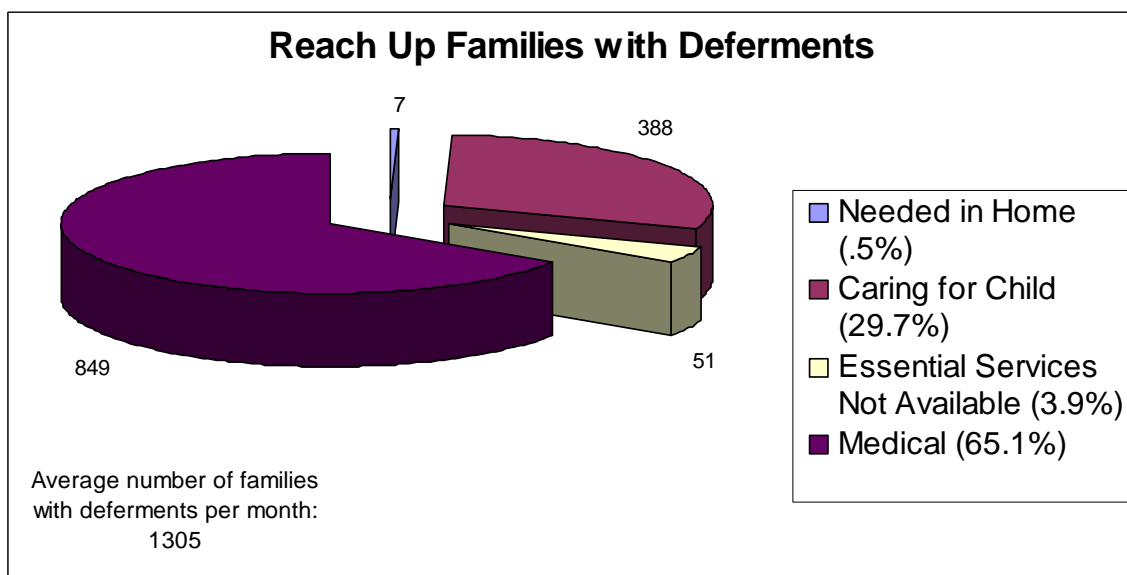


The above chart illustrates the percentage of Reach Up participants assessed as having the specified barriers. During the period October 2009 through September 2010, case managers assessed 8,415 participants and found 19,213 barriers, an average of 2.3 barriers per participant.

Transportation remains the single most prevalent barrier among Reach Up participants. Traditionally the program expends more than 50 percent of available support service dollars on transportation related issues including reimbursement for gas, license, insurance and registration, vehicle repairs and vehicle acquisition. In addition the program invests nearly a million dollars on an on-demand transportation system intended to meet the short-term needs of families with no other options. In state fiscal year (SFY) 2010, the program decided to look for ways to link and leverage various expenditures to create a transportation program within Reach Up. A work group of Reach Up staff and community partners developed an integrated approach to transportation scheduled for statewide implementation in the spring of 2011.



The above chart illustrates the ages of a monthly average of 9,370 children who received assistance from October 2009 through September 2010. Around 28 percent are under age three, 22 percent are between the age of three and six, and 50 percent are over six. The deferment chart below illustrates that an average of 388 participants per month received a deferment from the work requirement to care for a child under the age of two.



A deferment is a temporary postponement of the full work requirement. A deferred participant must have a family development plan with an employment goal and participate in activities, including work activities that lead to the achievement of the employment goal. Consistent with the department's strength-based approach to case management, case managers modify the number of work requirement hours, rather than defer the work requirement, for participants who are able to work part time. Figures in the chart above represent the deferment status of the adult with a work requirement.

## Section 2 Participant Outcomes, Including:

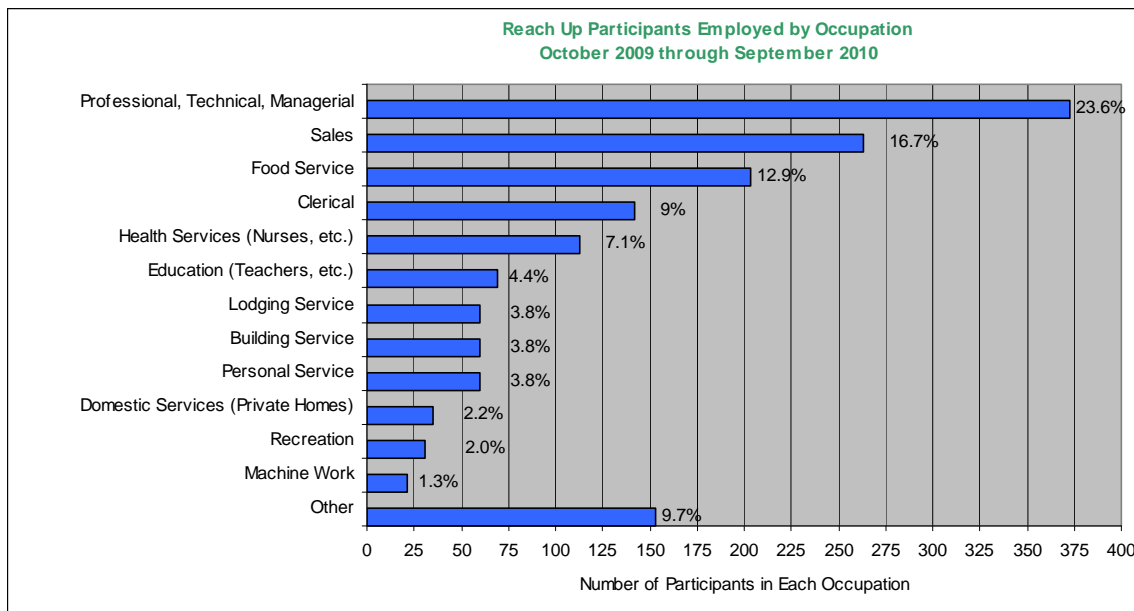
**Number of persons employed by occupation, industry and wage;  
Types of subsidized and unsubsidized jobs secured by participants;  
Outcomes for children; and  
Number of participating families involved in training programs.**

Charts in this section illustrate monthly averages of Reach Up participants' work by occupations, industries, and wages based on data from October 2009 through September 2010. It does not include the Postsecondary Education program. One chart illustrates the number of families that moved off assistance and achieved better outcomes for their children under the Reach Up program. Information supporting good outcomes for children is also represented in Section 1 by the low number of barriers related to child well-being and the high number of parents requesting deferments to take care of children.

Some working participants do not earn enough to be ineligible for Reach Up, and some of these participants may be combining education with work to guarantee a better job when they leave Reach Up.

### Families Combine Welfare with Work

The chart below illustrates occupations of an average of 1,583 participants who combined welfare with work each month.

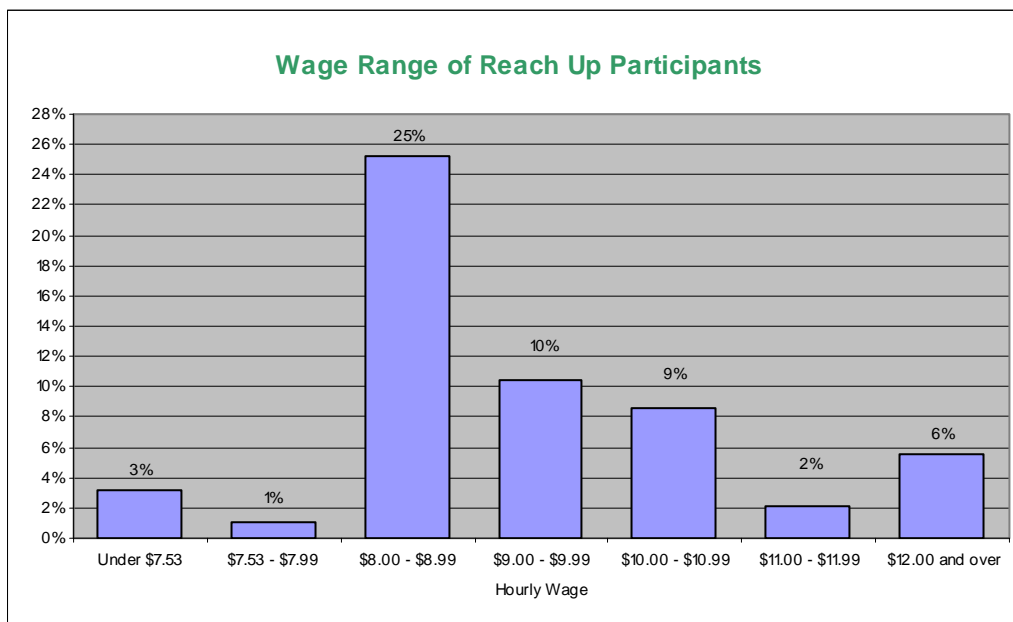




### Reach Up Participants Employed By Industry October 2009 through September 2010

Industry	Percentage in Each Industry	Average Number of Participants
Construction	1%	15
Transportation & Public Utilities	11%	180
Services	54%	852
Manufacturing	2%	25
Wholesale Trade	1%	16
Finance/Insurance/Real Estate	1%	10
Agric/Forestry/Fishing/Mining	1%	14
Retail Trade	10%	153
Government	2%	40
Other *	18%	278
<b>Total Participants Employed</b>		<b>1,583</b>

*\*The “Other” category in the charts above and on the previous page includes participants whose jobs do not fit into a specified category, those who are in supported work placements and not earning a wage, and those in occupations not otherwise listed that employ less than 1 percent of the participants.*



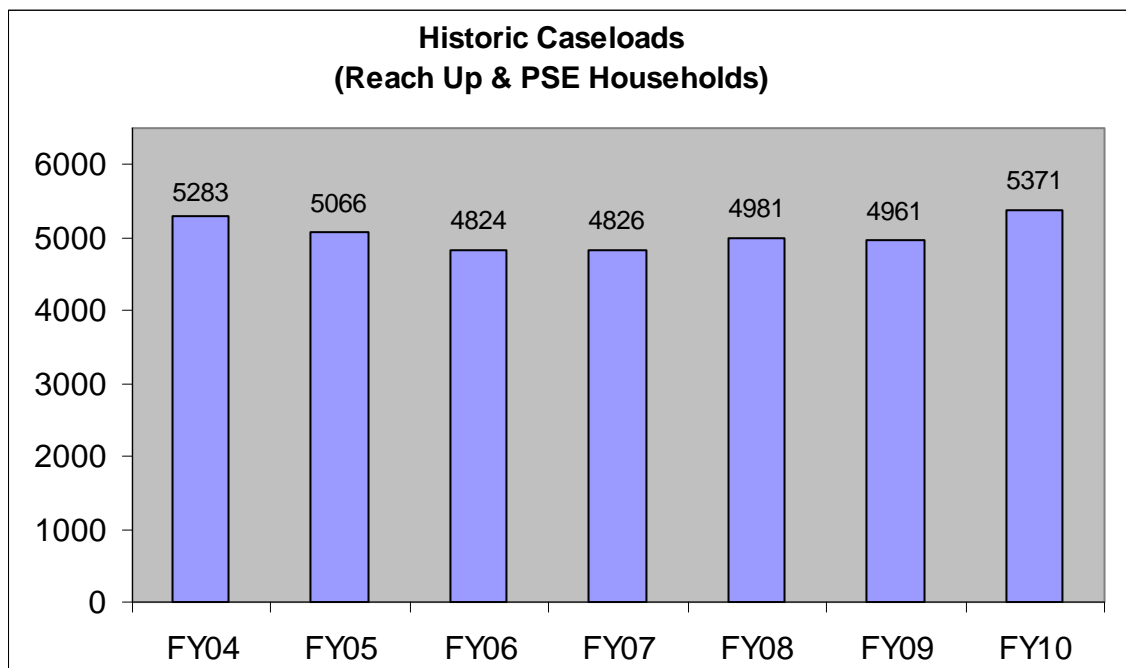
The above chart illustrates the percentage of employed Reach Up participants in each wage range. It does not include newly employed and self-employed adults whose earnings have yet to be verified and adults in supported work placements who are not earning wages. Participants starting self employment may have net income equivalent to less than \$8.06 per hour, Vermont’s minimum wage in 2010.

## Adults Participate in Training and Education Programs

Participants who are not job ready are supported in short-term work, training, and education placements. Participants who need work experience may be placed in supported placements where they do not earn wages; these participants are included in the “unknown” categories in the occupation, industry, and wage tables above. An average of 99 participants engaged in vocational education, job skills training, and school attendance each month from October 2009 through September 2010.\*

## Families Move from Welfare to Work

When Vermont began the Reach Up program and came into full compliance with TANF on July 1, 2001, there were 5,500 families on assistance. An indicator of Reach Up’s success in moving families toward self-sufficiency and achieving better outcomes for their children is the number of families who have left the program as a result of increased income. The following chart illustrates families’ success in moving to financial independence. Data represented in the chart is the average monthly number of families for each state fiscal year. The increase in the caseload occurring in state fiscal year 2007 and continuing in state fiscal years 2009 and 2010 reflects the current national economic recession. This trend of increasing caseloads in welfare programs is affecting many states.



*\*Data for training and education programs were derived from TANF reports and do not include participants in solely state-funded programs.*

### Section 3

#### **Food Stamp Participation of Households Who Have Left Reach Up During the Last Fiscal Year**

The chart illustrates food stamp participation for individuals who left Reach Up in state fiscal year 2010. An average of 3,293 individuals left Reach Up each quarter, and an average of 2,590 (79 percent) of them were still off Reach Up four months later. When they left Reach Up, 94 percent of these leaver families received food stamps, and four months later 71 percent still received food stamps.

#### **Reach Up Leavers' Participation in Food Stamps State Fiscal Year 2010**

	<b>Quarter Ending September '09</b>	<b>Quarter Ending December '09</b>	<b>Quarter Ending March '10</b>	<b>Quarter Ending June '10</b>
1. Total number of individuals who left Reach Up	3,197	3,558	3,090	3,325
2. Those in #1 who were not receiving RU in the 4th month after leaving Reach Up	2,641 (83%)	2,776 (78%)	2,437 (79%)	2,504 (75%)
3. Those in #2 who were enrolled in food stamps at the time of leaving Reach Up	2,467 (93%)	2,625 (95%)	2,315 (95%)	2,354 (94%)
4. Those in #3 who were also enrolled in food stamps in the 4th month after leaving Reach Up	1,707 (69%)	1,905 (73%)	1,652 (71%)	1,628 (69%)

## Section 4

### Health Care Program Enrollment of Individuals Who Have Left Reach Up During the Last Fiscal Year

Our state is a leader in providing health care assistance to children and families. While a family of three loses eligibility for Reach Up when their income reaches approximately \$13,200 a year, the adults will be eligible for transitional Medicaid until their annual income reaches \$34,032 and their children remain eligible for Dr. Dynasaur until the family's income tops \$55,176 (or higher, if the family pays for child care).

#### Reach Up Leavers' Participation in Medicaid and Dr. Dynasaur State Fiscal Year 2010

	Quarter Ending September '09	Quarter Ending December '09	Quarter Ending March '10	Quarter Ending June '10
1. Total number of individuals who left Reach Up	3,297	3,558	3,090	3,325
2. Those in #1 who were not receiving Reach Up in the 4th month after leaving Reach Up	2,641 (80%)	2,776 (78%)	2,437 (79%)	2,504 (75%)
3. Those in #2 who were enrolled in medical assistance at the time of leaving Reach Up	2,463 (93%)	2,653 (96%)	2,359 (97%)	2,436 (97%)
4. Those in #3 who were also enrolled in medical assistance in the 4th month after leaving Reach Up	1,864 (76%)	2,184 (82%)	1,892 (80%)	1,924 (79%)

## Section 5

### Work Participation Rates and the Caseload Reduction Credit

States submit data on all TANF recipients quarterly to the U.S. Department of Health and Human Services Administration for Children and Families (ACF). ACF computes each state's monthly work participation rates for two categories—all families and families with two parents who are both able to work—and averages the rates for all 12 months to calculate a state's overall work participation rate for the federal fiscal year. States are required to meet a 50 percent all-family rate and a 90 percent two-parent family rate.

Section 407(b)(3) of the Social Security Act, as amended by the Deficit Reduction Act of 2005 (DRA), provides for an adjustment to a state's work participation rate for a fiscal year based on declines in the state's caseload the prior federal fiscal year. This adjustment to the work participation rate the state must meet is called the state's caseload reduction credit (CRC). The CRC gives a state credit based on the actual reduction in the caseload between the statutory base year and the comparison year. The DRA changed the base year of the calculation from 1995 to 2005.

The chart below illustrates Vermont's estimated participation rates as calculated but not yet finalized by ACF.

#### TANF Work Participation Rates Federal Fiscal Year 10 Calculated by ACF

	All Families	2-Parent Families
1 <sup>st</sup> quarter	34.8	35.3
2 <sup>nd</sup> quarter	32.7	34.7
3 <sup>rd</sup> quarter	36.0	39.7
4 <sup>th</sup> quarter	32.6	43.0
Average	34.0	38.2

#### Caseload Reduction Credit (CRC)

	All Families	2-Parent Families
Rate submitted to ACF <sup>1</sup>	18.4	9.9

Applying the Administration for Children & Families CRC method to the participation rates results in a 52.4 percent all families rate and a 48.1 percent two-parent families rate.

<sup>1</sup> The caseload reduction rates are the rates submitted to ACF in December 2009 using ACF's methodology. Vermont is waiting for confirmation of the caseload reduction rates.  
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## Section 6

### Basic Needs, Housing Allowances, and Maximum Grants

#### Basic Needs and Housing Allowances

The department calculates a basic needs standard that includes certain requirements considered basic to all individuals. These needs include food, shelter, clothing, fuel, utilities, personal incidentals, core services, and special needs. This standard of combined basic needs increases according to household size, from \$475 for a household of one to \$1,769 for a household of eight. Each year the department reports the current basic needs standards and the basic needs budget adjusted to reflect an annual cost-of-living increase. The department makes the annual cost-of-living increase calculation by running the basic needs standards and housing allowances through a computer program that recalculates them based on changes in the consumer price index (CPI) and housing costs reported by families participating in the Reach Up program living inside and outside Chittenden County. The revised needs standards and housing allowances are run through a simulation of the Reach Up population to estimate the fiscal impact of making cost of living adjustments. The simulation is run against the amount budgeted for Reach Up to determine the percentage of total needs the department can pay with existing funds. Consistent with 33 V.S.A. §101(4), the department currently pays 49.6 percent of total needs determined in 2004.

The charts below illustrate the current basic needs for families of one to four members, basic needs if adjusted in December 2010 for the cost-of-living increase, current housing costs, and housing costs if adjusted.

#### Basic Needs and Housing Allowance

Family Size	Existing Basic Needs (based on calculation in 3/1/04)	Basic needs if adjusted to annual cost-of-living increase (12/1/10)
1	\$475	\$545
2	\$680	\$781
3	\$891	\$1,025
4	\$1,064	\$1,226
5	\$1,247	\$1,437
6	\$1,372	\$1,581
7	\$1,589	\$1,827
8	\$1,769	\$2,038
Each additional person	\$170	\$196

Housing Allowances	Existing Housing Allowance (based on 10/1/01)	Housing allowance if adjusted to annual median cost (12/1/10)
Chittenden County	\$450	\$638
Outside Chittenden County	\$400	\$588

## Current Maximum Grants

The chart below illustrates maximum grants for families of one to four members. Grants in Chittenden County are higher due to the history of higher shelter costs and the higher housing allowance for that area. All families with out-of-pocket shelter costs in excess of the maximum allowances may receive up to \$45 more in their grant as a special needs housing allowance.

Family Size	Outside Chittenden County	Chittenden County
1	\$434	\$458
2	\$535	\$560
3	\$640	\$665
4	\$726	\$750